

Members

Sen. Joseph Zakas, Chair
Sen. Lindel Hume
Sen. Larry Lutz
Sen. Charles Meeks
Sen. Frank Mrvan
Sen. John Waterman
Rep. Gary Cook, Vice-Chair
Rep. Dennis Avery
Rep. Jack Lutz
Rep. Ed Mahern
Rep. Richard Mangus
Rep. Matt Whetstone



INTERIM STUDY COMMITTEE ON STATE ADMINISTRATION ISSUES

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Authority: Legislative Council Resolution 00-1
(Adopted May 25, 2000)

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MEETING MINUTES¹

Meeting Date: September 5, 2000
Meeting Time: 10:20 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. Joseph Zakas, Chair; Sen. Charles Meeks; Sen. John Waterman; Sen. Lindel Hume; Sen. Frank Mrvan; Rep. Dennis Avery; Rep. Ed Mahern; Rep. Jack Lutz; Rep. Richard Mangus.

Sen. Zakas, Chair of the Committee, called the meeting to order and introduced the members present. He then distributed the following:

- Newspaper articles (Appendix A) written about predatory lending.
- Spreadsheet (Appendix B) prepared by the Legislative Services Agency showing the revenue and expenditures of the Professional Licensing Agency (PLA).
- Summary (Appendix C) of the continuing education requirements for occupations regulated by the PLA. The summary was prepared by PLA.
- Selected statutes (Appendix D) and rules for continuing education requirements for occupations regulated by the PLA.

Continuing Education Requirements for Occupations Regulated by the Professional Licensing Agency

The committee continued testimony from the August 16 meeting for the three occupations that were not presented at the meeting.

Funeral Directors

The Chair called on Tom Fruechtenicht, representing the Indiana Funeral Directors Association. Mr. Fruechtenicht introduced Brian Vaughan from the Association. Mr. Vaughan stated that his association represents 97% of the licensed funeral directors in the state. Continuing education is needed for directors to stay current on state and federal laws. His association supports the

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

use of distance learning in providing continuing education. Since Directors need to be available to service client families when emergencies arise, attending continuing education programs can be a problem. The Association offers courses at a cost of \$10 per hour or \$20 for a 3-hour course. Copy of course outlines and resumes of the presenters are submitted for state board approval. The 10-hour continuing education requirement was established in 1983.

Sen. Zakas asked if the 10-hour requirement was adequate or excessive. Mr. Vaughan said that the 10-hour requirement was presently adequate, but may need to be increased in the future. Requirements vary from state to state. Illinois has a 24-hour requirement and Iowa has a 30-hour requirement over a two-year period. Ohio has a 10-hour annual requirement and Michigan has no continuing education requirement. Approximately 27 states have no continuing education requirements.

A question was raised about the initial requirements to be a funeral director. A director must have an associate degree from an accredited school, serve a one year internship, and pass the approved state board test. Sen. Hume asked about training and course requirements dealing with infectious diseases such as HIV. Mr. Vaughan stated that the topic is covered in the associate degree program. Rep. Hume also asked if the state had no continuing education requirements, how much training would be required by the state's OSHA laws. Mr. Vaughan did not have that information.

Sen. Meeks inquired if attending a national conference can be counted as continuing education. The discussion or presentation at a conference can be counted if the presentation is approved by the state board before the conference. The approval process is the same as the process for other continuing education courses.

Rep. Mangus asked about a limited license procedure for retired funeral directors that may want to participate in an individual's funeral, but not take the 10-hour requirement to keep their license active.

Appendix E contains a copy of Mr. Vaughan's prepared testimony.

Real Estate Agents

The Chair called on Karl Berron of the Indiana Association of Realtors. Mr. Berron distributed seven handouts, Appendices F-L. Continuing education is needed because of changes in federal and state laws on sales disclosure and client representation procedures. Buying a home is usually the largest investment a person makes. Home equity is also the bulk of a family's assets. Having access to a person knowledgeable in current real estate law is important. Continuing education is also important for reciprocity with other states. Indiana's continuing education requirements are generally less than most other states, therefore, any reduction might hurt current reciprocity agreements. The Association does have concerns about the administration and enforcement of licensure laws. The Association is looking at distance learning for continuing education. His Association currently does not provide continuing education.

Sen. Meeks asked if a realtor is required to notify the buyer of hazardous material or if the property is in a flood plain. Mr. Berron answered that if the agent is aware of the condition, he/she must notify the buyer. Sen. Meeks also asked about the Association's position on predatory lending. Mr. Berron replied that his association receives more calls on predatory lending than any other issue. His Association supports any solution. The federal government and several states are working on the issue. Mr. Berron was asked what his Association was doing to stop predatory lending. They have a number of publications and have provided some education on the issue. True predatory lending violates several current laws, such as the statutes on fraud.

Auctioneers

The Chair called on Bob Adams of the Indiana Auctioneers' Association. Mr. Adams serves on the Auctioneers Board and is a prior president of the Association. The auctioneers use distance learning to provide continuing education. They utilize Indiana Higher Education Telecommunication System, "IHETS", to provide high quality education courses at several locations. An instructor is at each site to answer questions and take over the course if there are communication problems. They are exploring the use of the Internet to provide courses. The Association closely monitors attendance. To be an auctioneer, a person must be 18 years old, attend 80 hours of instruction, and pass the state auctioneer's board test.

Mr. Adams stated that his Association receives 15-20 complaints per month about auctions on the Internet. Mr. Adams also raised some concern about livestock auctions where the seller and buyer have already agreed on a price. The livestock is sent through the auction and the price is over bid to increase the perceived value of the livestock. Indiana is one of the few states that allow auctioneers to auction real estate without a real estate license. The auctioneer can auction the property, but cannot be involved in the closing procedure without a real estate license. The Committee asked about the practice of selling real estate in parts and as a whole. Sometimes the purchasers buying portions of the real estate being auctioned are required to increase their bids because an individual's bid on the whole parcel exceeds the sum of the partial bids.

The board has no authority over auctioneers conducting auctions without a license. The board must forward the complaint to the county prosecutor.

Rep. Mangus asked if most new auctioneers work with an experienced auctioneer. Mr. Adams said that it is hard to have enough experienced auctioneers to work with the new auctioneers. Marketing is very important for auctioneers. If the auctioneer can last 4 years, then they generally stay in the profession. Rep. Mangus also questioned the usefulness of continuing education for auctioneers. Mr. Adams said that the seminars he has conducted have been useful to the attendees.

The Chair asked if other states license auctioneers. Mr. Adams stated that 15 states license auctioneers. The statutes were based on Indiana's statute.

Aviation Investment and Reform Act for the 21st Century (AIR-21)

Department of Transportation

The Chair called on Maria Muia from the Indiana Department of Transportation to discuss AIR-21. Ms. Muia distributed a description (Appendix M) of the Aeronautics Section and the estimated impact of AIR-21. The federal funding will about double under AIR-21 and Indiana's match requirements will increase from \$1.5 million to \$2.3 million annually. The agency currently has some unused funds from prior years that can be used to match the federal dollars for the 2001-03 biennium. After the 2001-03 biennium additional funding will be needed. The number of local grants under AIR-21 is expected to increase from 37 in 1999 to approximately 90 in 2001. The aeronautics section currently has 9 employees. Indiana's aeronautics section is the smallest in the region. The next smallest staffs are Kentucky with 13 employees and Ohio with 30 employees.

Rep. Avery asked why only three airports qualified for the cargo entitlement. Ms. Muia answered that at least 400,000 tons of cargo is needed to qualify for the grant. The Chair asked if additional appropriations or people are needed. The aeronautics section has a small staff and the additional workload will be a challenge. The section requested additional staff,

but the agency is not pursuing additional staff or appropriations for the next biennium. Ms Muia stated she would not oppose additional staff.

Aircraft Owners' and Pilots' Association

The Chair called on Bill Blake of the Aircraft Owners' and Pilots' Association to testify. Mr. Blake's Association represents about 7,000 airport owners and pilots in the state. His Association did a survey of its members and 3 of the top 5 issues were airports. The Association is a strong supporter of adequate staffing and funding for aviation. The aeronautics section will probably need 2 or 3 more people to administer grants. If grants are not processed in time, the undistributed grants return to the federal government for redistribution to other states. States with larger staffs generally receive a greater share of discretionary funds.

Sen. Waterman asked about the comparison of Illinois and Indiana airports. Illinois receives more federal dollars, but the condition of airports is close with a slight edge to Illinois. Mr. Blake shared a story of a small town of 1,500 in Illinois that expanded the runway of its local airport. There is now an industrial park next to airport that employs 3,000 people.

Aviation Association of Indiana

The Chair called on Skip Miller to testify. Mr. Miller is the president of the Aviation Association of Indiana and executive director of the Fort Wayne Airport. Aviation is a \$1 trillion industry and transports about 675 million people annually. He estimated the nation has met about 2/3 of the required \$10 billion capital airport investment annually. AIR-21 is an attempt to correct the capital investment problem. Private use of air transportation is increasing, but the airport infrastructure has not kept up. Mr. Miller believes that the department needs 3 more engineers to review the increase in the number of grant requests caused by AIR-21. The Federal Aviation Agency has not added staff so the additional administrative work generated by AIR-21 will have to be done by state governments or the airports.

Hiring practices, salary structure, and other employment practices of state agencies

The Chair distributed a letter (Appendix N) from employees of the Westville Correctional Facility.

The Chair then called on Sen. Waterman to discuss his concerns on the topic. Sen. Waterman proposed SB 388 during the 2000 legislative session. SB 388 was the impetus for having the topic assigned to the Committee. Sen Waterman voiced concern over the time needed to get approval of construction projects by the Department of Public Works. The State seems to be a training ground for engineers. An engineer works for the state for a couple of years to get experience and then leaves for a better paying job. The Senator also questioned the ability of the Indiana Department of Environmental Management (IDEM) to hire qualified personnel.

The Chair called on Sue Roberson, Director of the State Personnel Department. Ms. Roberson noted that the state has studied the qualifications of IDEM employees and the qualifications equal or exceed other states' qualifications. The Personnel Department has worked to increase salaries for hard to fill positions. Engineers in the Department of Transportation have received a 9-14% salary adjustment in August of 1998, have a career advancement plan, and a pay incentive to become certified professional engineers. Ms. Roberson said that the State wants to look at developing a comprehensive salary package instead of doing ad hoc adjustments for specific occupations. One pay plan will not fit all employees. The Department has looked at market based and certification based pay. When

the state increases salaries, the local fast food restaurants increase wages by \$.50 an hour to attract employees. The average annual wage is \$28,855 and the value of fringe benefits is \$12,569. The average increase in the state pay plan for the last two years has been about 5.5%, while inflation has been 2.6%.

The state has a turnover rate of about 12%, but the average in the private sector is about 16%. Ms. Roberson stated that turnover is not a problem because of the State's fringe benefits. The State pays most of the insurance premiums and has good vacation and sick benefits. The State does have a problem attracting younger employees. The average age of a new employee is about 35 and the average age of all employees is about 44. The state could also have a problem in the future due to potential retirements. Currently, 6% of state employees can retire at full benefits. In five years, the figure increases to 12% and some agencies could have up to 20% of their employees be eligible for full retirement benefits. The state posts about 235 jobs per week and offers job consulting services. The application process has been computerized and decentralized. The application can be printed from the Internet. The state does use consulting services for hard to fill positions and uses bilingual recruiters. The state also does some advertising and is trying to develop a consistent format.

The Committee asked the Department about employee complaints. In the past, the Department published an annual report listing the complaints. The Department said that they would provide the Committee with a report of employee complaints. The Committee also asked who investigated complaints. Complaints can be investigated by the affected agency, the Department of Personnel, or another state agency such as Civil Rights Commission, depending on the complaint.

The Chair adjourned the meeting at about 1:20 p.m. and informed the audience that people who were not able to testify on the salary topic would have an opportunity at the next meeting on September 28.